YOU AND YOUR TEAM 33 Checking out your entrepreneurial strengths You can find out more about your likely strengths and weakness as an entre?preneur by taking one or more of the many online entrepreneurial IQ-type tests.(In practice you would be wise to take professional advice before doing so.) Partnerships Partnerships are effectively collections of sole traders, and as such, share the legal problems attached to personal liability. By pooling resources you may have more capital; you should be bringing several sets of skills to the business; and if you are ill the business can still carry on. There are two serious drawbacks that merit particular attention. First, if your partner makes a business mistake, perhaps by signing a disastrous contract, without your knowledge or consent, every member of the partner?ship must shoulder the consequences. Under these circumstances your personal assets could be taken to pay the creditors even though the mistake was no fault of your own. Second, if your partner goes bankrupt in his or her personal capacity, for whatever reason, his or her share of the partnership can be seized by credi?tors. As a private individual you are not liable for your partner's private debts, but having to buy him or her out of the partnership at short notice could put you and the business in financial jeopardy. Even death may not release you from partnership obligations, and in some circumstances your estate can remain liable. Unless you take 'public' leave of your partnership by notifying your business contacts and legally bringing your partnership to an end, you could remain liable. The legal regulations governing this field are set out in the Partnership Act 1890, which in essence assumes that competent businesspeople should know what they are doing. The Act merely provides a framework of agreement that STRATEGY AND PURPOSE 38 applies 'in the absence of agreement to the contrary'. It follows from this that many partnerships are entered into without legal formalities - and some?times without the parties themselves being aware that they have entered a partnership! The main provisions of the Partnership Act state that: ? All partners contribute capital equally. ? All partners share profits and losses equally. ? No partner shall have interest paid on his/her capital. ? No partner shall be paid a salary. ? All partners have an equal say in the management of the business. It is unlikely that all these provisions will suit you, so you would be well advised to get a 'partnership agreement' drawn up in writing by a solicitor at the outset of your venture. One possibility that can reduce the more painful consequences of enter?ing a partnership as a 'sleeping partner' is to have your involvement registered as a limited partnership. Cooperative A cooperative is an enterprise owned and controlled by the people working in it. Once in danger of becoming extinct, the workers' cooperative is enjoy?ing a resurgence, with over 9,000 operating in the United Kingdom as of January 2024, employing 1.3 million people. They are growing at a rate of 2.8 per cent per annum. Cooperatives are governed by the Industrial and Provident Societies Act 1965, whose main provisions state: ? Each member of the cooperative has equal control through the principle of 'one person one vote'. ? Membership must be open to anyone who satisfies the stipulated qualifications. ? Profits can be retained in the business or distributed in proportion to members' involvement, e.g. hours worked. ? Members must benefit primarily from their participation in the business. YOU AND YOUR TEAM 39 ? Interest on loan or share capital is limited in some specific way, even if the profits are high enough to allow a greater payment. It is certainly not a legal structure designed to give entrepreneurs control of their own destiny and maximum profits. However, if this is to be your chosen legal form you can pay from GBP90 to register with the Chief Registrar of Friendly

Societies, and must have at least seven members at the outset. They do not all have to be full-time workers at first. Like a limited company, a registered cooperative has limited liability (see under 'Limited liability companies') for its members and must file annual accounts, but there is no charge for this.STRATEGY AND PURPOSE 42 Suggested further reading Adair, J (2007) The Art of Creative Thinking: How to be innovative and develop great ideas, Kogan Page, London Bridge, R (2009) How I Made It: 40 successful entrepreneurs reveal how they made millions, Kogan Page, London Pullan, P and Archer, J (2013) Business Analysis and Leadership, Kogan Page, London Watkins, A (2015) 4D Leadership: Competitive advantage through vertical leadership development, Kogan Page, London Widdowson, L and Barbour, P J (2025) Building Top-Performing Teams: A practical guide to team coaching for organizational success, Kogan Page, London 43 PHASE TWO Market research 44 THIS PAGE IS INTENTIONALLY LEFT BLANK Introduction Assignments 4–6 are intended to help you to bring your customers, competi?tors and the marketplace more sharply into focus, and to identify areas you have yet to research. As a sole trader there is no legal distinction between you and your busi?ness – your business is one of your assets, just as your house or car is. It follows from this that if your business should fail, your creditors have a right not only to the assets of the business, but also to your personal assets, YOU AND YOUR TEAM 37 subject only to the provisions of the Bankruptcy Acts (these allow you to keep only a few absolutely basic essentials for yourself and family).REAL-WORLD EXAMPLE Tesla Elon Musk, the visionary entrepreneur behind Tesla, made strategic decisions in five areas when choosing a business name that contributed to the company's global impact.Each of these forms is explained briefly below, together with the procedure to follow on setting them up. Relative business populations As of early 2024, there were approximately 5.5 million active businesses in the UK, a slight decrease from the peak of 6 million in 2020.The UK private sector business population comprised 3.1 million sole proprietorships (56 per cent of the total), 2.1 million actively trading companies (38 per cent) and 356,000 ordinary partnerships (6 per cent).They started with 'BackRub', as their algorithms checked backlinks to estimate the importance of a site, but moved on to use Google, a misspelling of the word 'googol' – the number one followed by 100 zeros.It means you (or your partner) can play no active part in running the business, but your risks are limited to the capi?tal that you put in. Unless you are a member of certain professions (e.g. law, accountancy) you are restricted to a maximum of 20 partners in any partnership.That will ensure management in depth, thus providing cover for every?thing from illness to expansion, and guaranteeing some stability during the turbulent early years.Your business plan should explain clearly what the ideal composi?tion of key managers should be for your business; who you have identified, or recruited so far; and last but certainly not least, how you will motivate them to remain with you and perform well for at least the first few all?important years.This information has to be shown on all busi?ness letters, orders for goods and services, invoices and receipts, and statements and demands for business debts.By associating with Tesla's legacy, Elon Musk positioned his electric car company as a symbol of innovation and forward-thinking technology.It represented a departure from gasoline-powered vehicles and emphasized electric mobility.Elon Musk's choice of the name 'Tesla' encapsulated innovation, simplicity and a commitment to a greener future.Most new businesses start as sole traders and, if successful, transition to limited liability companies to benefit from legal protections.Sole trader The vast majority of new businesses set up each year in the United Kingdom choose to do so as sole traders.YOU AND YOUR TEAM 41 TABLE 3.1 Sales history of Notonthehighstreet Year Sales (GBP000) 1 100 2 1,000 3 2,500 (forecast) For a joining fee of GBP450 suppliers can promote their products on Notonthehighstreet's website for five years.A couple of sources can be found in the Index of key organizations and resources for business planning at the end of the book, but an entry in Google will produce a small torrent!Jeff Bezos originally chose Cadabra as the name for his business – as in abracadabra – summing up the magic of being able to find any book online.PayPal, Body Shop, Toys R Us and Kwik-Fit are other good examples of names that sum up the essence of their businesses.Google, though a colossally successful venture, struggled in arriving at a meaningful business name.Your company name can be the starting and sustaining point in differen?tiating you from your competitors, and as such it should be carefully chosen, be protected by trademarks where possible and be written in a distinctive way.In 2009, limited companies made up 26 per cent of the business population, partnerships 12 per cent and sole traders 62 per cent.Not all cooperatives bother to register, as it is not mandatory, in which case they are treated in law as a partnership with unlimited liability.Spark pumped in a sizeable six-figure sum, taking a minority stake in the business which allowed it to plan to more than double sales in its third year of operations (see Table 3.1).Building the team Not surprisingly, an investor's ideal proposal includes an experienced and balanced management team, who have all worked together for a number of years.But at the time, 'geeks' populated the internet, and the name caught on. Your business name is almost always the first way people get to hear about your venture and it needs to convey the essence of the business quickly and clearly.It will be accepted unless there is another company with that name on the register or the Registrar considers the name to be obscene, offensive or illegal.The name 'Tesla' pays homage to Nikola Tesla, the brilliant inventor and engineer.Tesla evokes positive associations related to electricity, clean energy and sustainability.In a market where traditional automakers dominated, Tesla's name signalled disruption.This has the merit of being relatively formality-free, and unless you intend to register for VAT, there are few rules about the records you have to keep.There are very few restrictions to setting up in business with another person (or persons) in partnership, and several definite advantages.Limited liability companies In the United Kingdom, before the 1895 Companies Act it was necessary to have an Act of Parliament or a Royal Charter in order to set up a company.The shareholders of the business are not liable as individuals for the business debts beyond the paid-up value of their shares.This applies even if the shareholders are working directors, unless of course the company has been trading fraudulently.Certainly investors will look for reassurance in this respect and will expect to see more reference to the steps you will take to encourage loyalty.After a few phone calls to canvas opinions, he ditched Cadabra as it was too easily confused with 'Cadaver'!He settled on Amazon, STRATEGY AND PURPOSE 34 figuring that most people thought it to be the largest river in the world, and he wanted to convey the image of having the 'Earth's Biggest Book Store'.It's unlikely that many people outside the Stanford University campus (where the founders developed their business idea) would have any idea what a googol was or why it would help describe the biggest search engine.It follows therefore that the main consideration in choosing a business name is its commercial usefulness. how you do it. Given all the marketing investment you will make in your company name, you should check with a trademark agent whether you can protect your chosen name (descriptive words, surnames and place names are not normally allowed except after long use).Second, all businesses that intend to trade under names other than those of their owner(s) must state who does own the business and how the owner YOU AND YOUR TEAM 35 surnames with or without forenames or initials, you are not affected.If any name other than the 'true' name is to be used, then you must disclose the name of the owner(s) and an address in the United Kingdom to which business documents can be sent.If you are setting up as a limited company you will have to submit your choice of name to the Companies Registration Office along with the other documents required for registration.Innovation.????